

Zysolin™ Improves Survival in Pivotal Animal Studies

AlphaRx's inhaled Tobramycin nanoparticles demonstrated superior therapeutic efficacy in mouse models of acute *Pseudomonas aeruginosa* pneumonia. Zysolin™ could be a first-in-class anti-infective nanomedicine

MARKHAM, Ontario, June 26, 2008 - AlphaRx (OTC BB:ALRX) is pleased to report additional pre-clinical data on Zysolin™, an inhaled Tobramycin nanoparticles intended for the adjunctive treatment of *Pseudomonas aeruginosa* pneumonia in intubated and mechanically-ventilated patients (VAP). Injectable Tobramycin is the drug of choice used in the initial empirical therapy for VAP and is also well known for its nephrotoxicity. Zysolin™ is intended to replace injectible Tobramycin in VAP therapy. AlphaRx believes Zysolin™ will have an attractive safety, tolerability and efficacy profile in comparison to injectible Tobramycin.

Zysolin™ has demonstrated superior therapeutic efficacy in 2 pivotal animal studies. In these lethality-based studies, Zysolin™ has consistently increased survival rate by 50% over Tobramycin treatment group whereby all mice in the untreated group died within 24 hours after infection.

P. aeruginosa is one of the most common and lethal pathogens responsible for ventilator-associated pneumonia in intubated patients, with directly attributable death rates reaching 40%. "Reducing this mortality rate may be possible, if a more effective therapy for the treatment of *Pseudomonas* VAP can be developed," said Dr. Michael Weisspapir, MD, PhD, Chief Medical Scientist of AlphaRx. "If approved, Zysolin™ could be a first-in-class cell-targeted nanomedicine which is designed to target intracellular pathogens that have proven to be very difficult to eradicate clinically," further commented by Dr. Weisspapir.

AlphaRx is working with regulatory experts to devise a clinical plan for Zysolin™ with a view to initiating Phase I human trials in early 2009. AlphaRx believes Zysolin™ may be eligible for an NDA submission under the 505(b)(2) regulatory pathway, which permits companies to obtain FDA approval of new drug applications (NDAs) by relying, in part, on the agency's findings for a previously approved drug. AlphaRx can potentially advance Zysolin™ rapidly through clinical testing and to commercialization using the 505(b)(2) pathway.

About Zysolin™

Zysolin™ is a Tobramycin compound, encapsulated in AlphaRx's Nano Drug Delivery Platform, intended for the adjunctive treatment of Gram-negative pneumonia in intubated and mechanically-ventilated patients. Zysolin™ improves the intracellular activity of Tobramycin - in layman's term, increasing the drug concentration of Tobramycin inside human macrophages, thus improving its antibacterial activity against intracellular *Klebsiella*, *Pseudomonas aeruginosa* and *Staphylococcus* bacterial strains in pneumonia patients. The active ingredient in Zysolin™, Tobramycin, has a long-standing and proven clinical treatment record. Delivered by inhalation, using proprietary nanotechnology developed by AlphaRx, the company believes Zysolin™ will have an attractive safety, tolerability and efficacy profile when compared to injectible Tobramycin.

About AlphaRx Inc.

AlphaRx is a specialty pharmaceutical company utilizing proprietary site-specific nanoparticulate drug delivery systems to develop novel formulations of drugs that are insoluble or poorly soluble in water or have yet to be administrable to the human body with an acceptable delivery method.

Forward Looking Statements:

This release contains forward-looking statements within the meaning and pursuant to the Safe Harbor provisions of the Securities Litigation Reform Act of 1995 and involve risks and uncertainties that may individually or mutually impact the matters herein described, including but not limited to product development and acceptance, manufacturing, competition, regulatory and/or other factors, which are outside the control of the companies.

Contact:

AGORACOM Investor Relations Corp.

ALRX@Agoracom.com

<http://www.agoracom.com>